AN ACT CONCERNING CHARTER MANAGEMENT ORGANIZATIONS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (Effective July 1, 2017) (a) Each charter management organization shall post on any Internet web site that the charter management organization operates (1) the schedule, location, agenda and minutes of each meeting of the governing authority of such charter management organization, including any meeting of any subcommittees of the governing authority, (2) the operating budget of the charter management organization, (3) the sources of revenue for such charter management organization, including, but not limited to, (A) the names and affiliations of all persons who make donations to the charter management organization and the amounts of such donations, (B) the amounts of funds spent on marketing and advertising any state or local charter school under the control of such charter management organization and the amounts of such expenditures, and (C) the amounts of funds derived from any financing, tax credits or other means used for the operation of school buildings and facilities in the state, and (4) any information relating to
any contracts between such charter management organization and any
other entity for the provision of educational, financial or other services
to a state or local charter school under the control of such charter
management organization, including the posting of the full contract
and any addendums to any such contract not later than ten business
days after any such contract is executed.

(b) A charter management organization shall not select, employ,
retain or otherwise compensate any attorney, law firm, accountant or
audit firm that provides legal, accounting or other financial services to
a state or local charter school under the control of such charter
management organization.

(c) A charter management organization shall not use any state or
local funding for purposes of (1) advertising or marketing a state or
local charter school under the control of such charter management
organization, or (2) influencing any legislative or political action. A
charter management organization shall include a disclaimer on all
advertising and marketing materials produced by such charter
management organization that provides information about the source
of funds used to produce such materials.

Sec. 2. Section 10-66tt of the general statutes is repealed and the
following is substituted in lieu thereof (Effective July 1, 2017):

(a) The governing council of a state or local charter school may only
enter into a contract for whole school management services with a
charter management organization. Each such contract entered into or
amended on or after July 1, 2017, shall enumerate and provide a
description of the services that the charter management organization is
to provide to such state or local charter school and include the costs
associated with such services.

(b) The governing council of a state or local charter school shall not
enter into any contract for whole school management services that is
contrary to state or federal law or regulations, which entails any
financial or other conflicts of interest, or which amends, alters or
modifies any provision of the charter. To the extent that there is a
conflict between the terms of the charter of the school and a contract
for whole school management services, the terms of the charter shall
govern.

(c) The governing council of a state or local charter school shall
submit any contract for whole school management services between
such governing council and charter management organization to the
State Board of Education for approval. The state board, in determining
whether to approve such contract, shall (1) review such contract, (2)
solicit and review comments on such contract from the local or
regional board of education of the town in which the charter school is
located or in which the proposed charter school is to be located, and (3)
vote on such contract not later than sixty days after the date of receipt
of such contract. The state board may approve such contract by a
majority vote of the members of the state board present and voting at a
regular or special meeting of the state board called for such purpose.
Any contract for whole school management services between the
governing council of a state or local charter school and a charter
management organization shall not take effect unless such contract has
been approved by the State Board of Education.

(d) The governing council of a state or local charter school shall not
enter into any contract for whole school management services that
would have the effect of reducing the governing council's
responsibility for the operation of the charter school, or which would
hinder the governing council in exercising effective supervision of the
charter school.

(e) Any governing council of a state or local charter school that
enters into a contract for whole school management services shall
directly select, retain and compensate the attorney, law firm,
accountant or audit firm representing the governing council.
(f) A contract for whole school management services shall include, but need not be limited to: (1) The roles and responsibilities of the governing council of the charter school and the charter management organization, including all services to be provided under the contract and the costs associated with such services, (2) the performance measures, mechanisms and consequences by which the governing council will hold the charter management organization accountable for performance, (3) the compensation to be paid to the charter management organization, including all fees, bonuses and what such compensation includes or requires, (4) financial reporting requirements and provisions for the governing council's financial oversight, (5) a choice of law provision that states that Connecticut state law shall be the controlling law for the contract, (6) a statement that the governing council of the charter school and the charter management organization shall ensure compliance with the provisions of section 10-66uu, as amended by this act, and (7) evidence that all employees and members of the governing authority of the charter management organization have submitted to a criminal history records check, conducted in accordance with section 29-17a, and the results of such criminal history records checks, (8) evidence that the charter management organization has adopted antinepotism and conflict of interest policies that are consistent with state law and best practices in nonprofit corporate governance, and that the charter management organization is in compliance with such policies, and (9) any other information required by the Commissioner of Education to ensure compliance with the provisions of this chapter.

Sec. 3. Section 10-66uu of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2017):

[Each contract for whole school management services between the governing council of a state or local charter school and a charter management organization shall (1) provide that such governing council is entitled to receive a copy of all] All records and files related to the administration of [the] a charter school, including the
compensation paid to the charter management organization and any
expenditures of such compensation by the charter management
organization [ , and (2) indicate that such records and files are] shall be
subject to the Freedom of Information Act and may be disclosed by
[such governing council] the charter management organization
pursuant to the Freedom of Information Act, as defined in section 1-200, except that [such governing council] the charter management
organization may redact such records and files to remove personally
identifiable information of a contributor of a bona fide and lawful
contribution, pursuant to a written request from such contributor. No
request to inspect or copy such records or files shall be valid unless the
request is made to [such governing council] the charter management
organization in accordance with the Freedom of Information Act. Any
complaint by a person who is denied the right to inspect or copy such
records or files shall be brought to the Freedom of Information
Commission in accordance with the provisions of sections 1-205 and 1-206.

Sec. 4. Section 10-66mm of the general statutes is repealed and the
following is substituted in lieu thereof (Effective July 1, 2017):

On or before July 1, 2011, the State Board of Education shall adopt
regulations, in accordance with the provisions of chapter 54, to (1)
prohibit a charter school and any affiliated charter management
organization operating such charter school from sharing board
members with other charter schools and such charter management
organizations; (2) require the disclosure of sharing management
personnel; (3) prohibit unsecured, noninterest bearing transfers of state
and federal funds between charter schools and from charter schools to
charter management organizations; (4) define allowable direct or
indirect costs and the methodology to be used by charter management
organizations to calculate per pupil service fees; and (5) permit charter
management organizations to collect private donations for purposes of
distributing to charter schools, provided the charter management
organization posts the names and affiliations of all persons who make
donations to the charter management organization and the amounts of such donations on its Internet web site in accordance with the provisions of section 1 of this act.

Sec. 5. Subsection (a) of section 4-61dd of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2017):

(a) Any person having knowledge of any matter involving corruption, unethical practices, violation of state laws or regulations, mismanagement, gross waste of funds, abuse of authority or danger to the public safety occurring in any state department or agency, or any quasi-public agency, as defined in section 1-120, or any charter management organization or charter school, or any person having knowledge of any matter involving corruption, violation of state or federal laws or regulations, gross waste of funds, abuse of authority or danger to the public safety occurring in any large state contract or any charter management organization or charter school, may transmit all facts and information in such person's possession concerning such matter to the Auditors of Public Accounts. The Auditors of Public Accounts shall review such matter and report their findings and any recommendations to the Attorney General. Upon receiving such a report, the Attorney General shall make such investigation as the Attorney General deems proper regarding such report and any other information that may be reasonably derived from such report. Prior to conducting an investigation of any information that may be reasonably derived from such report, the Attorney General shall consult with the Auditors of Public Accounts concerning the relationship of such additional information to the report that has been issued pursuant to this subsection. Any such subsequent investigation deemed appropriate by the Attorney General shall only be conducted with the concurrence and assistance of the Auditors of Public Accounts. At the request of the Attorney General or on their own initiative, the auditors shall assist in the investigation.
Sec. 6. Subsections (e) to (k), inclusive, of section 4-61dd of the
general statutes are repealed and the following is substituted in lieu
thereof (Effective July 1, 2017):

(e) (1) No state officer or employee, as defined in section 4-141, no
quasi-public agency officer or employee, no officer or employee of a
large state contractor, [and] no appointing authority and no officer or
employee of a charter management organization or charter school shall
take or threaten to take any personnel action against any state or quasi-
public agency employee, any employee of a large state contractor
or employee of a charter management organization or charter school in
retaliation for (A) such employee's or contractor's disclosure of
information to (i) an employee of the Auditors of Public Accounts or
the Attorney General under the provisions of subsection (a) of this
section; (ii) an employee of the state agency or quasi-public agency
where such state officer or employee is employed; (iii) an employee of
a state agency pursuant to a mandated reporter statute or pursuant to
subsection (b) of section 17a-28; [or] (iv) in the case of a large state
contractor, an employee of the contracting state agency concerning
information involving the large state contract; or (v) in the case of a
charter management organization or charter school, an employee of
the charter management organization or charter school or a state
agency concerning information involving the charter management
organization or charter school; or (B) such employee's testimony or
assistance in any proceeding under this section.

(2) (A) Not later than ninety days after learning of the specific
incident giving rise to a claim that a personnel action has been
threatened or has occurred in violation of subdivision (1) of this
subsection, a state or quasi-public agency employee, an employee of a
large state contractor, an employee of a charter management
organization or charter school or the employee's attorney may file a
complaint against the state agency, quasi-public agency, large state
contractor, [or] appointing authority or charter management
organization or charter school concerning such personnel action with
the Chief Human Rights Referee designated under section 46a-57. Such
complaint may be amended if an additional incident giving rise to a
claim under this subdivision occurs subsequent to the filing of the
original complaint. The Chief Human Rights Referee shall assign the
complaint to a human rights referee appointed under section 46a-57,
who shall conduct a hearing and issue a decision concerning whether
the officer or employee taking or threatening to take the personnel
action violated any provision of this section. The human rights referee
may order a state agency or quasi-public agency to produce (i) an
employee of such agency or quasi-public agency to testify as a witness
in any proceeding under this subdivision, or (ii) books, papers or other
documents relevant to the complaint, without issuing a subpoena. If
such agency or quasi-public agency fails to produce such witness,
books, papers or documents, not later than thirty days after such order,
the human rights referee may consider such failure as supporting
evidence for the complainant. If, after the hearing, the human rights
referee finds a violation, the referee may award the aggrieved
employee reinstatement to the employee's former position, back pay
and reestablishment of any employee benefits for which the employee
would otherwise have been eligible if such violation had not occurred,
reasonable attorneys' fees, and any other damages. For the purposes of
this subsection, such human rights referee shall act as an independent
hearing officer. The decision of a human rights referee under this
subsection may be appealed by any person who was a party at such
hearing, in accordance with the provisions of section 4-183.

(B) The Chief Human Rights Referee shall adopt regulations, in
accordance with the provisions of chapter 54, establishing the
procedure for filing complaints and noticing and conducting hearings
under subparagraph (A) of this subdivision.

(3) As an alternative to the provisions of subdivision (2) of this
subsection: (A) A state or quasi-public agency employee who alleges
that a personnel action has been threatened or taken may file an appeal
not later than ninety days after learning of the specific incident giving
rise to such claim with the Employees' Review Board under section 5-202, or, in the case of a state or quasi-public agency employee covered by a collective bargaining contract, in accordance with the procedure provided by such contract; or (B) an employee of a large state contractor or an employee of a charter management organization or charter school alleging that such action has been threatened or taken may, after exhausting all available administrative remedies, bring a civil action in accordance with the provisions of subsection (c) of section 31-51m.

(4) In any proceeding under subdivision (2) or (3) of this subsection concerning a personnel action taken or threatened against any state or quasi-public agency employee [or] any employee of a large state contractor or any employee of a charter management organization or charter school, which personnel action occurs not later than two years after the employee first transmits facts and information concerning a matter under subsection (a) of this section or discloses information under subdivision (1) of this subsection to the Auditors of Public Accounts, the Attorney General or an employee of a state agency or quasi-public agency, as applicable, there shall be a rebuttable presumption that the personnel action is in retaliation for the action taken by the employee under subsection (a) of this section or subdivision (1) of this subsection.

(5) If a state officer or employee, as defined in section 4-141, a quasi-public agency officer or employee, an officer or employee of a large state contractor, [or] an appointing authority or an officer or employee of a charter management organization or charter school takes or threatens to take any action to impede, fail to renew or cancel a contract between (A) a state agency and a large state contractor, [or] between (B) a large state contractor and its subcontractor, (C) a state agency and a charter management organization or charter school, or (D) a charter management organization and a charter school, in retaliation for the disclosure of information pursuant to subsection (a) of this section or subdivision (1) of this subsection to any agency listed
in subdivision (1) of this subsection, such affected agency, contractor, subcontractor, charter management organization or charter school may, not later than ninety days after learning of such action, threat or failure to renew, bring a civil action in the superior court for the judicial district of Hartford to recover damages, attorney's fees and costs.

(f) Any employee of a state or quasi-public agency, large state contractor, charter management organization or charter school, who is found by the Auditors of Public Accounts, the Attorney General, a human rights referee or the Employees' Review Board to have knowingly and maliciously made false charges under subsection (a) of this section, shall be subject to disciplinary action by such employee's appointing authority or employer up to and including dismissal. In the case of a state or quasi-public agency employee, such action shall be subject to appeal to the Employees' Review Board in accordance with section 5-202, or in the case of state or quasi-public agency employees included in collective bargaining contracts, the procedure provided by such contracts.

(g) On or before September first, annually, the Auditors of Public Accounts shall submit, in accordance with the provisions of section 11-4a, to the clerk of each house of the General Assembly a report indicating the number of matters for which facts and information were transmitted to the auditors pursuant to this section during the preceding state fiscal year and the disposition of each such matter.

(h) Each contract between a state or quasi-public agency and a large state contractor, charter management organization or charter school shall provide that, if an officer, employee or appointing authority of a large state contractor, charter management organization or charter school takes or threatens to take any personnel action against any employee of the contractor, charter management organization or charter school in retaliation for such employee's disclosure of information to any employee of the contracting state or quasi-public
agency or the Auditors of Public Accounts or the Attorney General under the provisions of subsection (a) or subdivision (1) of subsection (e) of this section, the contractor, charter management organization or charter school shall be liable for a civil penalty of not more than five thousand dollars for each offense, up to a maximum of twenty per cent of the value of the contract. Each violation shall be a separate and distinct offense and in the case of a continuing violation each calendar day's continuance of the violation shall be deemed to be a separate and distinct offense. The executive head of the state or quasi-public agency may request the Attorney General to bring a civil action in the superior court for the judicial district of Hartford to seek imposition and recovery of such civil penalty.

(i) Each state agency or quasi-public agency shall post a notice of the provisions of this section relating to state employees and quasi-public agency employees in a conspicuous place that is readily available for viewing by employees of such agency or quasi-public agency. Each large state contractor, charter management organization or charter school shall post a notice of the provisions of this section relating to large state contractors, charter management organizations or charter schools in a conspicuous place which is readily available for viewing by the employees of the contractor, charter management organization or charter school.

(j) No person who, in good faith, discloses information in accordance with the provisions of this section shall be liable for any civil damages resulting from such good faith disclosure.

(k) As used in this section:

(1) "Large state contract" means a contract between an entity and a state or quasi-public agency, having a value of five million dollars or more; [and]

(2) "Large state contractor" means an entity that has entered into a large state contract with a state or quasi-public agency; \[.]
(3) "Charter management organization" has the same meaning as provided in section 10-66aa, as amended by this act; and

(4) "Charter school" has the same meaning as provided in section 10-66aa, as amended by this act.

Sec. 7. Section 10-66aa of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2017):

As used in this section, [and] sections 10-66bb to 10-66uu, inclusive, as amended by this act, and section 1 of this act:

(1) "Charter school" means a public, nonsectarian school which is (A) established under a charter granted pursuant to section 10-66bb, (B) organized as a nonprofit entity under state law, (C) a public agency for the purposes of the Freedom of Information Act, as defined in section 1-200, and (D) operated independently of any local or regional board of education in accordance with the terms of its charter and the provisions of this section and sections 10-66bb to 10-66uu, inclusive, as amended by this act, provided no member or employee of a governing council of a charter school shall have a personal or financial interest in the assets, real or personal, of the school;

(2) "Local charter school" means a public school or part of a public school that is converted into a charter school and is approved by the local or regional board of education of the school district in which it is located and by the State Board of Education pursuant to subsection (e) of section 10-66bb;

(3) "State charter school" means a new public school approved by the State Board of Education pursuant to subsection (f) of section 10-66bb;

(4) "Charter management organization" means any not-for-profit organization that (A) is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, or any subsequent
corresponding internal revenue code of the United States, as amended
from time to time, and (B) contracts with a charter school for
educational design, implementation or whole school management
services;

(5) "Whole school management services" means the financial,
business, operational and administrative functions for a school; and

(6) "Charter" means a charter for a local or state charter school
granted by the State Board of Education on or before June 30, 2015, and
with respect to a charter granted or renewed on or after July 1, 2015, a
contract between the governing council of a charter school and the
State Board of Education that sets forth the roles, powers,
responsibilities and performance expectations of each party to the
contract.

This act shall take effect as follows and shall amend the following
sections:

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Statement of Purpose:
To increase transparency in the operations of charter management
organizations.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline,
except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is
not underlined.]